

STRATEGIES TO IMPROVE THE INTENT OF IMPLEMENTING DIGITAL BUSINESS MODELS IN WHOLESALE CLOTHING MSMEs

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Abstract

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in Indonesia's economy, particularly in the wholesale clothing sector centered in Tanah Abang. Despite the rapid growth of digital infrastructure and e-commerce, most wholesale clothing MSMEs still operate conventionally and have not adopted digital business models. This low adoption rate is influenced by various internal and external factors, including technological understanding, perceived usefulness of digitalization, and organizational readiness. This study aims to identify factors that influence the level of digital readiness (e-readiness) among wholesale clothing MSMEs, examine their effect on the intention to adopt digital business models (e-business), and formulate strategies to increase such intention. The research focuses on wholesale clothing MSMEs located in Pusat Grosir Metro Tanah Abang. A quantitative method was applied using Structural Equation Modeling – Partial Least Squares (SEM-PLS) to examine the predictive relationships between e-readiness, Technology Acceptance Model (TAM) variables, and e-business adoption intention. The Fuzzy Analytical Hierarchy Process (FAHP) was used to prioritize strategies based on expert judgment. The findings indicate that Perceived Organizational e-Readiness (POER) has the most significant influence on the intention to adopt e-business, particularly through the mediating roles of Perceived Ease of Use and Perceived Usefulness. In contrast, external factors such as government and market support (Perceived External e-Readiness/PEER) showed no significant effect. This suggests that internal organizational preparedness plays a more critical role than external conditions in shaping digital transformation intentions. The proposed strategic priorities include establishing a digital community among MSME actors, enhancing digital literacy through continuous training, and designating successful digital MSMEs as role models. These findings highlight the need to strengthen internal capacities before pushing for external collaboration. The implications of this study provide practical insights for policymakers, MSME associations, and business actors to design effective interventions to accelerate the adoption of digital business models.

Keywords: *e-Business, e-Readiness, Wholesale Clothing MSMEs*

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) played a significant role in maintaining Indonesia's economic stability in the past, particularly during the 1997 economic crisis. The underlying factor behind MSMEs' resilience during this crisis was their low dependence on global market conditions, such as foreign capital loans or imported raw materials. The role of MSMEs in the Indonesian economy remains significant today. Based on data from the Ministry of Cooperatives and Small and Medium Enterprises (2019), MSMEs contributed to GDP of IDR 9,062 trillion or 61.07% of the total GDP, in addition to absorbing 116,978,631 people or 97% of the total workforce, with details of 107,376,540 people or 89.04% absorbed in the type of Micro Business, 5,831,256 workers or 4.84% absorbed in the type of Small Business, and as many as 3,770,835 people or 3.13% absorbed in the type of Medium Business. Based on the data also, as of 2019, there were 64,194,057 units recorded as Micro, Small and Medium Enterprises or 99.99% of the total business units, but unfortunately currently the majority of MSMEs are still doing business conventionally, have not implemented a digital business model which includes the use of e-commerce. The Indonesian E-commerce Association (2022) noted that only 29% of MSMEs, or 19 out of 64 million, have utilized digital business models. This is quite unfortunate, as Indonesia ranks first in the world in terms of the percentage of internet users compared to e-commerce users (We Are Social & Hootsuite, 2021). This phenomenon must be utilized by MSMEs, especially MSMEs in the fashion and accessories sector, because fashion and accessories are

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commodities with the highest number of transactions in e-commerce (Kredivo & Katadata, 2022), where one of the fashion trade centers in Indonesia, including garments and textiles, is located in Tanah Abang.

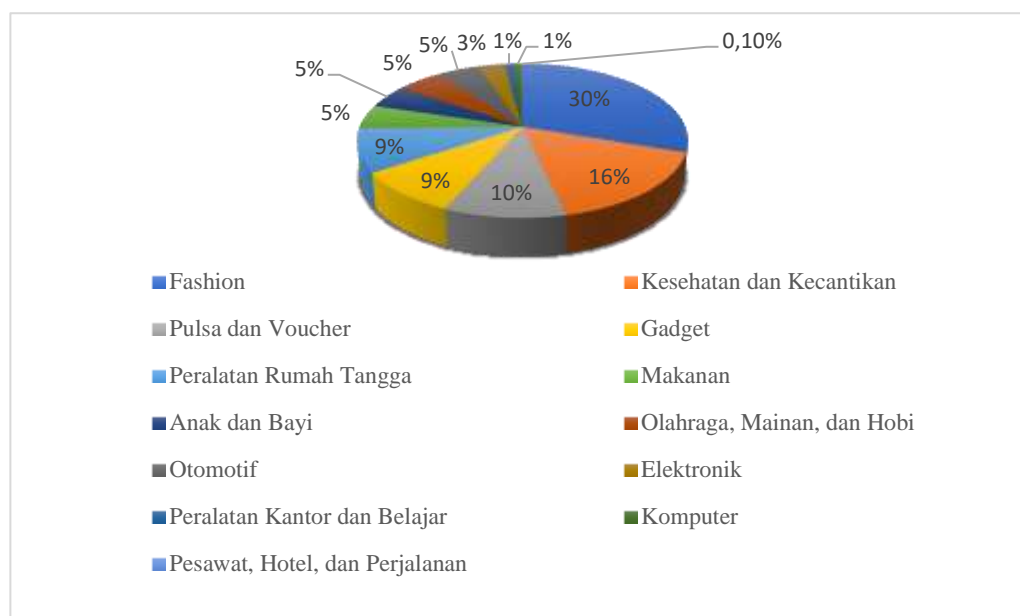


Figure 1 Percentage of E-Commerce Transactions by Commodity (Kredivo & Katadata, 2022)

Tanah Abang is one of the largest retail and wholesale textile and garment trading centers in Indonesia and even Southeast Asia, the products sold are diverse, ranging from clothing materials, such as thread and fabric, then men's and women's clothing, teenagers, children, such as shirts, pants, jackets, and even underwear and other fashion accessories. The Tanah Abang area includes Blocks A, B, C, D, E, F, Pusat Grosir Metro Tanah Abang (PGMTA), Kebon Dalam Market, and Jembatan Tinggi Shopping Center. Data from 2013 shows that there are $\pm 20,000$ kiosks in the area, with details of around 8,000 kiosks in Block A, 5,000 kiosks in Block B, 2,700 kiosks in Pusat Grosir Metro Tanah Abang 1, 1,100 kiosks in Pusat Grosir Metro Tanah Abang 2, and the rest are spread across Blocks C, D, E, F, Kebon Dalam Market, and Jembatan Tinggi Shopping Center. With an average daily turnover of 5-7 million rupiah per store, which can even increase by 75-100% when approaching the month of Ramadan or other holidays, this proves that Tanah Abang is one of the places that plays a very important role in the rotation of the Indonesian economy. The level of digital utilization in the Tanah Abang area is still quite minimal, although the level of utilization of digital devices for payment purposes such as Electronic Data Capture (EDC) Machines and QRIS is already high, which is around 90%, but the use of other digital media such as websites, e-commerce, and social media to support the implementation of digital marketing is still quite minimal, which is only around 5%.

To continue to maintain its existence, MSMEs, especially in the clothing wholesale sector in Tanah Abang, of course, must start to keep up with the times by implementing a digital business model. Based on previous research, it shows that the implementation of a digital business model has a positive effect on increasing income (Helmalia & Afrinawati, 2018), in addition there are four other positive influences, namely increasing assets and business forms, increasing production of goods, facilitating marketing and promotion, and being able to reach a wider and limitless market (Lismula, 2022). Therefore, a strategy is needed to increase the intention of MSMEs to transform by implementing a digital business model (e-business) through a digital readiness level approach (e-readiness). To continue to maintain their existence, MSMEs, especially in the clothing wholesale sector in Tanah Abang, of course, must start to follow the developments of the times by implementing a digital business model. Based on previous research, it shows that the implementation of a digital business model has a positive effect on increasing income (Helmalia & Afrinawati, 2018), in addition there are four other positive influences, namely increasing assets and business forms, increasing production of goods, facilitating marketing and promotion, and being able to reach a wider and limitless market (Lismula, 2022). Therefore, a strategy is needed to increase the intention of MSME actors to transform by implementing a digital business model (e-business) through a digital readiness level approach (e-readiness).

LITERATURE REVIEW

Micro, Small, and Medium Enterprises (MSMEs)

According to Law No. 20 of 2008 concerning Micro, Small, and Medium Enterprises, a business entity can be classified as an MSME if the business entity is owned and managed by an individual or a small group of individuals with a certain amount of capital and income. From a business perspective, the Indonesian Banking Development Institute and Bank Indonesia (2015) classify MSMEs into four groups, namely:

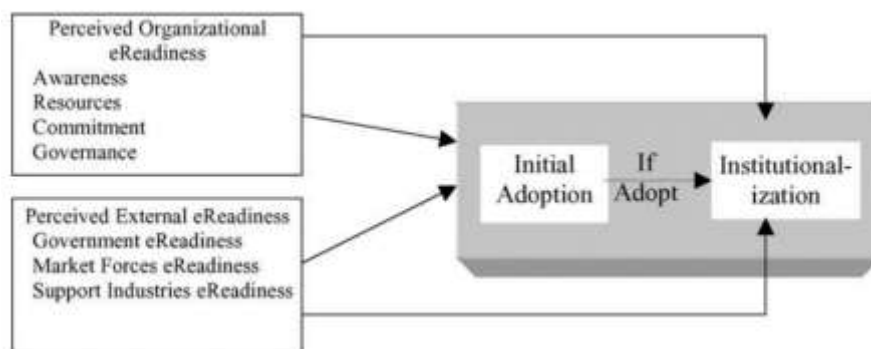
- Informal Sector MSMEs, for example street vendors
- Micro MSMEs are MSMEs with artisan skills but lack the entrepreneurial spirit to develop their business.
- Dynamic Small Enterprises are groups of MSMEs that are capable of entrepreneurship by establishing cooperation (accepting subcontract work) and exporting.
- Fast Moving Enterprise is an MSME that has capable entrepreneurship and is ready to transform into a large business.

Digital Readiness Level (e-Readiness)

E-readiness is a measurement of the level of readiness or desire of a country or economy in utilizing developments in technology, information, and communication, this measurement is usually used to measure readiness or desire in digital activities such as e-commerce and e-government (Dada, 2006). E-readiness is also a benchmark for a country's ability to utilize digital channels for communication, trade, and government to advance economic and social development (Mutula, 2010). There are several frameworks for measuring the level of digital readiness, such as the Technology Acceptance Model (Davis, 1989), Unified Theory of Acceptance and Use of Technology (Viswanath et al., 2003), Technology Organization Environment (Tornatzky & Fleischer, 1990), and Perceived e-Readiness Model (Molla & Licker, 2005).

Perceived e-Readiness Model (PERM)

The Perceived e-Readiness Model (PERM) is a framework for measuring physical, technological, organizational, and socio-economic factors that influence the level of digital readiness (Molla & Licker, 2005). The variables in the PERM framework consist of two sub-variables: Perceived Organizational e-Readiness (POER), commonly known as the level of internal readiness, and Perceived External e-Readiness (PEER). These two sub-variables are then divided into several indicators: the POER indicators are Awareness, Resources, Commitment, and Governance, while the PEER indicators are Government e-Readiness, Market Forces e-Readiness, and Support Industries e-Readiness.

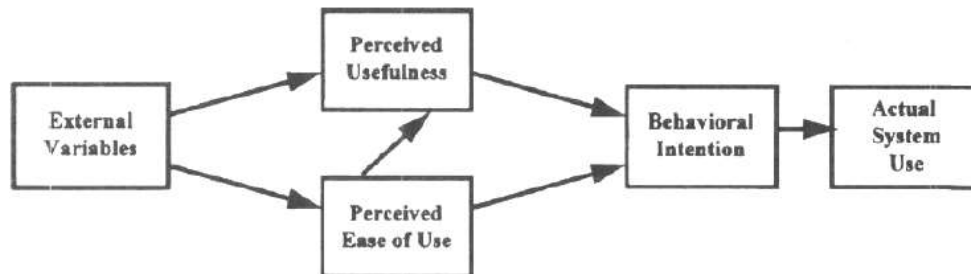


Picture 1 PERM Framework(Molla & Licker, 2005)

PERM is a fairly common digital readiness framework for MSMEs. Previous research has shown that POER can be used to measure the readiness of West Java Provincial Farmers Groups to implement e-commerce, concluding that awareness is the most important factor in digital readiness (Soniansi & Setiawan, 2020). Furthermore, based on measurements using the PERM framework, it was concluded that the factors influencing the adoption of online food delivery apps in Indonesia are commitment, market forces, and supporting industries. In Malaysia, market forces play the most important role (Nadhya Ulhaq et al., 2022).

Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM) is a framework for measuring the factors that cause the acceptance and usefulness of information technology. TAM consists of two sub-variables: Perceived Usefulness, which measures an individual's tendency to decide whether or not to use information technology based on the belief that the technology can help make their work easier, and Perceived Ease of Use, which measures the tendency to make decisions based on the belief that the technology is easy to use (Davis, 1989).



Picture 2 TAM Framework(Davis, 1989)

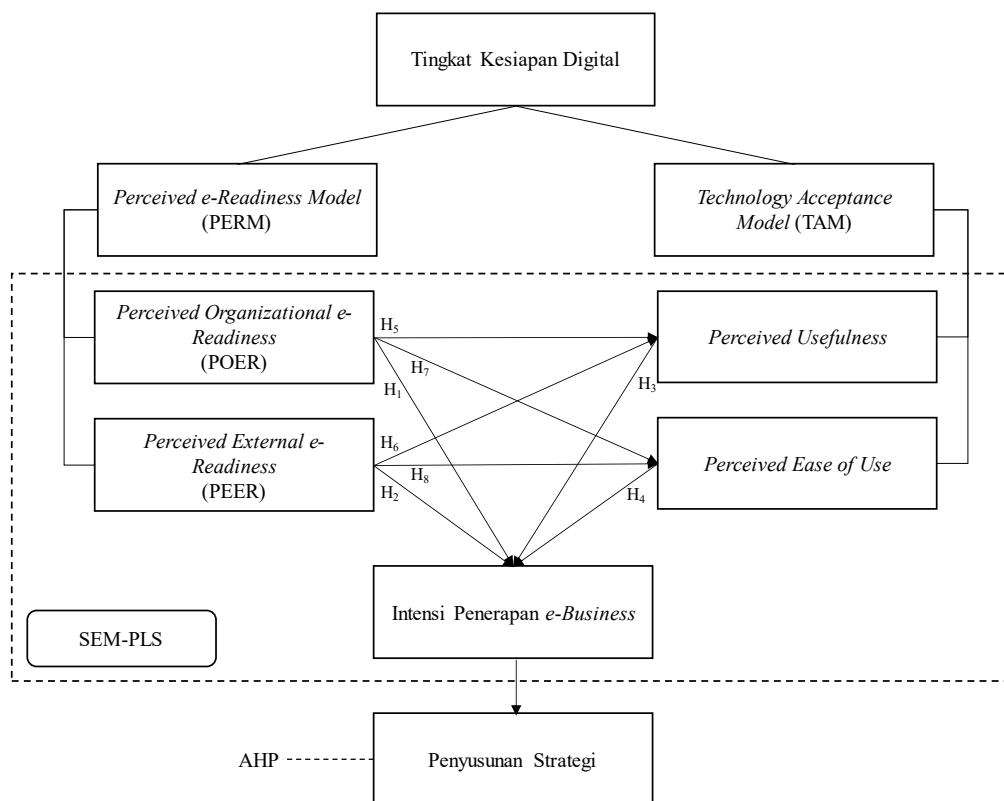
TAM is quite commonly used to measure MSMEs' perceptions of information technology use, as demonstrated in previous research that found a positive relationship between perceived usefulness and perceived ease of use on attitudes toward and intentions to use e-commerce (Tajudin La Jahalia & Lu'lu', 2021). Another study found that perceived usefulness and perceived ease of use negatively impacted e-commerce implementation but positively impacted usage behavior (Primasari et al., 2019).

Digital Business Model (e-Business)

E-business refers to the activities of buying and selling goods and services, customer service, and collaboration between business actors utilizing electronic media and the internet (Mutula, 2010). E-business is not just the process of selling and buying products and services, but also as a facility for collaboration with business partners, enabling electronic learning (e-learning), as well as a facility for transactions and information exchange within the organization (Kusmantini, 2012). E-Commerce is part of e-business, but only focuses on the process of buying and selling products or services. Previous research shows that the application of e-business technology can expand market share and reduce promotional costs because advertising costs incurred in mass media will be cheaper than conventional advertising costs (Harisno & Pujadi, 2009). Meanwhile, the relationship between the application of e-business and e-readiness is (1) there is an influence of technological competency readiness on the intention to adopt e-business; (2) there is an influence of organizational readiness on the intention to adopt e-business; (3) there is no influence of customer readiness on the intention to adopt e-business; (4) there is an influence of the level of competition on the intention to adopt e-business and (5) there is no influence of the lack of sales agent readiness on the intention to adopt e-business (Kusmantini, 2012). Meanwhile, the factors that support the intention of MSMEs to implement e-business are reducing costs and market, while the inhibiting factors are implementation costs, security, management, and technology (Levy et al., 2005).

Framework

The flow of thought for developing a strategy to increase the intention to implement a digital business model by considering aspects of the level of digital readiness that will be examined in this study is as follows.



Picture 3 Framework

Information:

→ = Direction of influence of the variable

Based on the framework of thought above, the hypothesis that can be drawn is as follows:

- H1: There is an influence of POER on the intention of e-business implementation.
- H2: There is an influence of PEER on the intention of e-business implementation.
- H3: There is an influence Perceived Usefulness on the intention of e-business implementation.
- H4: There is an influence Perceived Ease of Use on the intention of e-business implementation.
- H5: Perceived Usefulness mediates the relationship between POER and intention of e-business implementation.
- H6: Perceived Usefulness mediates the relationship between PEER and intention of e-business implementation.
- H7: Perceived Ease of Use mediates the relationship between POER and intention of e-business implementation.
- H8: Perceived Ease of Use mediates the relationship between PEER and intention of e-business implementation.

METHOD

Time and Place of Research

This study targets clothing wholesale MSMEs located at the Pusat Grosir Metro Tanah Abang. on Jl. H. Fachrudin, Tanah Abang District, Central Jakarta. The location was selected purposively, considering that the Pusat Grosir Metro Tanah Abang is the largest clothing wholesale trading center in Indonesia.

Data Types and Sources

The primary data used were interviews and questionnaires with respondents who were wholesale clothing MSMEs at the Pusat Grosir Metro Tanah Abang. The secondary data required included technology implementation

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data from the respondents and other supporting data sourced from journals, websites, and other scientific research through literature review.

Sampling Techniques

The sampling method used was a purposive sampling approach. Purposive sampling is a subset of non-probability sampling, with sampling techniques based on specific considerations (Sugiyono, 2007). The sample considerations in this study are as follows:

- Respondents are wholesale clothing MSMEs at Pusat Grosir Metro Tanah Abang;
- Respondents are owners or strategic decision makers;
- Has been a clothing wholesale UMKM actor at Pusat Grosir Metro Tanah Abang for more than 3 years.

In determining respondents, it is necessary to fulfill the minimum number of requirements as follows (Hair, Sarstedt, et al., 2014):

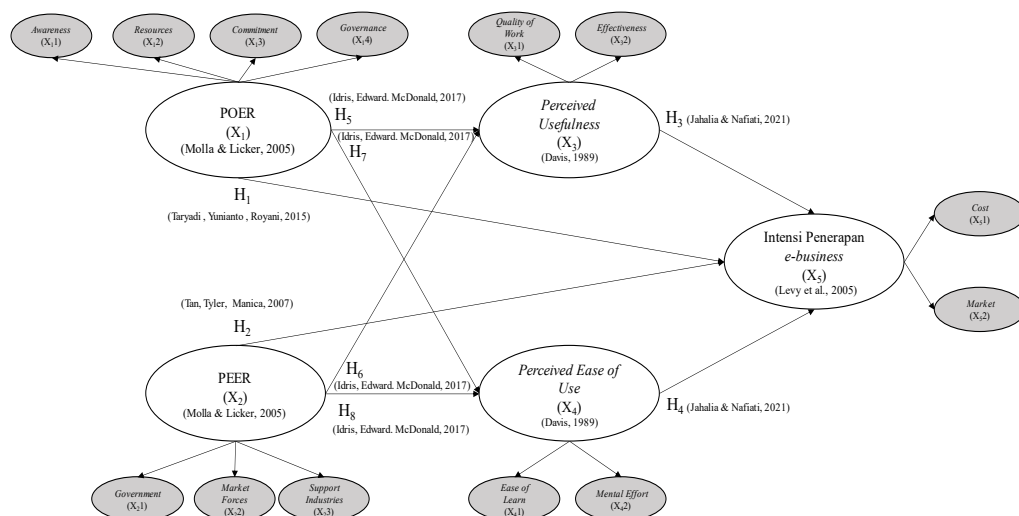
- 10 (ten) times the largest number of indicators used to measure a variable, or
- 10 (ten) times the number of relationships between the largest inner models.

In the SEM-PLS model that has been generated using SmartPLS, the largest number of indicators in a variable is 10 (ten) so that the minimum number of respondents is 100, while the largest number of relationships between inner models is 3 (three) so that the minimum number of respondents is 30. Based on this, the highest number is used, namely a minimum of 100 respondents.

Data Processing and Analysis Techniques

This research flow uses qualitative analysis which generally consists of four stages, namely:

- Descriptive analysis based on data collected through a questionnaire. Measurements used a Likert scale with five levels ranging from "strongly agree" to "strongly disagree";
- SEM-PLS analysis aims to test the predictive relationship between constructs and see if there is a relationship (Haryono, 2014). The illustration of the PLS model in this study is as follows.

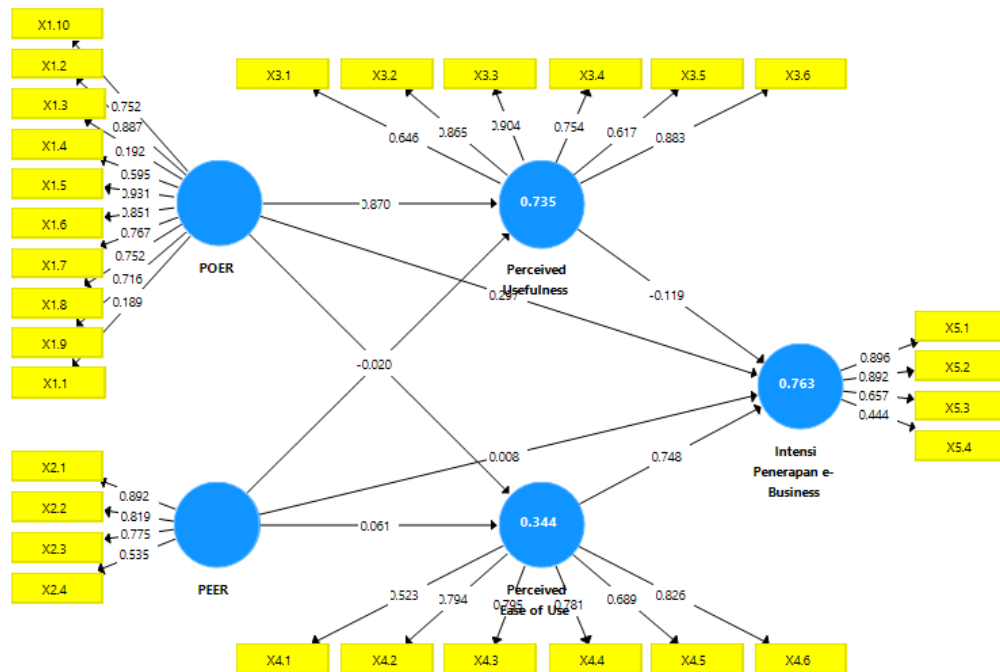


Picture 4 PLS Model

RESULTS AND DISCUSSION

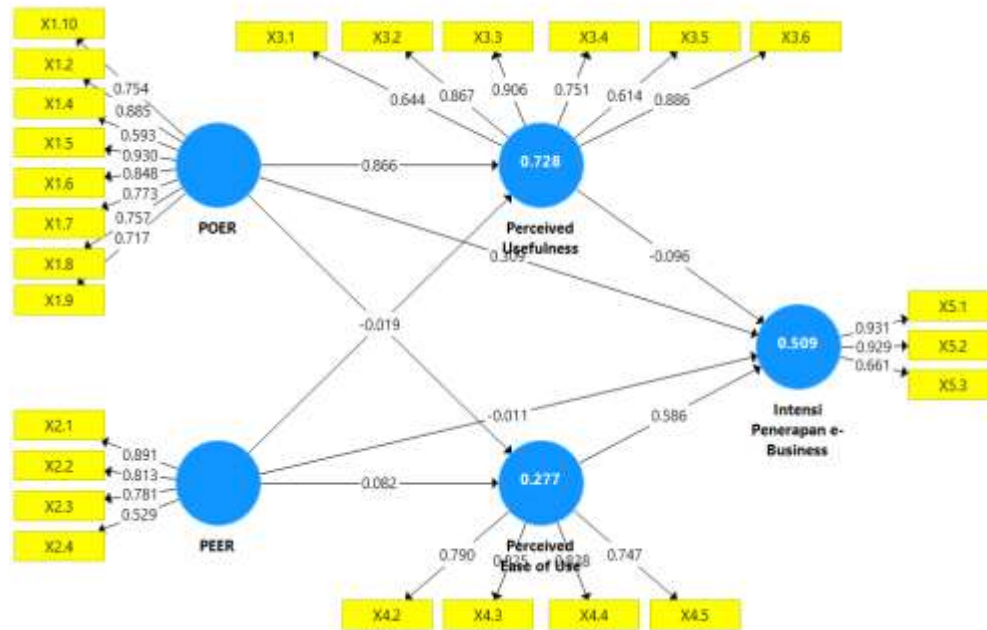
Partial Least Square (PLS) Model Scheme

Hypothesis testing in this study used Partial Least Squares analysis techniques using SmartPLS software. The following are the results of the PLS model used in the study:



Picture 5 Complete Outer Model

The results of the study indicate that there are still three variables that have an outer loading value < 0.5 , there are three provisions in processing the outer loading value, namely 1) the outer loading value < 0.5 , then the variable needs to be removed, 2) the outer loading value is > 0.5 but < 0.7 , then it is necessary to review the effect on the AVE value and composite reliability if the variable is removed, and 3) the outer loading value > 0.7 then the variable is retained (Hair, Hult, et al., 2014), besides that, it is also necessary to consider the value of the cross loading, where the cross loading value on the variable that is formed must be greater than the cross loading on the other variables. (Hair, Hult, et al., 2014). Therefore, it is necessary to remove three variables that have a value < 0.5 , namely X1.1 which has a value of 0.189, X1.3 with a value of 0.192, and X5.4 with a value of 0.444, and remove two variables that have cross loading values that do not comply with the provisions, namely X4.1 and X4.6, so that the following model is obtained:



Picture 6 Outer Model Modification

After modifications were made by eliminating variables with a value < 0.5 , the final model that was declared appropriate and will be subjected to further research is the model as shown in Figure 8.

Outer Model Evaluation

Convergent Validity

Convergent validity testing refers to the outer loading or loading factor value, where in processing the value there are three criteria, namely 1) the outer loading value is < 0.5 , then the variable needs to be removed, 2) the outer loading value is > 0.5 but < 0.7 , then the effect on the AVE and composite reliability values needs to be reviewed if the variable is removed, and 3) the outer loading value is > 0.7 , then the variable is retained. (Hair, Hult, et al., 2014). The outer loading values of each variable in this study are as follows:

Table 1 Initial Outer Loading

Code	POER (X1)	PEER (X2)	Perceived Usefulness (X3)	Perceived Ease of Use (X4)	Intention to Implement e-Business (X5)
X1.1	0.189				
X1.2	0.887				
X1.3	0.192				
X1.4	0.595				
X1.5	0.931				
X1.6	0.851				
X1.7	0.767				

Table 2 Initial Outer Loading (Continued)

Code	POER (X1)	PEER (X2)	Perceived Usefulness (X3)	Perceived Ease of Use (X4)	Intention to Implement e-Business (X5)
X1.8	0.752				
X1.9	0.716				
X1.10	0.752				
X2.1		0.892			
X2.2		0.819			
X2.3		0.775			
X2.4		0.535			
X3.1			0.646		
X3.2			0.865		
X3.3			0.904		
X3.4			0.754		
X3.5			0.617		
X3.6			0.883		
X4.1				0.523	
X4.2				0.794	
X4.3				0.795	
X4.4				0.781	
X4.5				0.689	
X4.6				0.826	
X5.1					0.896
X5.2					0.892
X5.3					0.657
X5.4					0.444

The table above shows that there are still three variables that have an outer loading value <0.5 , namely X1.1 (0.189), X1.3 (0.192), and X5.4 (0.444), apart from that there are also variables X4.1 and X4.6 which do not meet the cross loading requirements, Therefore, model modifications are necessary to ensure that all indicators are deemed suitable or valid for further research. The modified outer loading model is as follows:

Table 3 Outer Loading Modification

Code	POER (X1)	PEER (X2)	Perceived Usefulness (X3)	Perceived Ease of Use (X4)	Intention to Implement e-Business (X5)
X1.2	0.885				
X1.4	0.593				
X1.5	0.930				
X1.6	0.848				
X1.7	0.773				
X1.8	0.757				

Table 4 Outer Loading Modifications

Code	POER (X1)	PEER (X2)	Perceived Usefulness (X3)	Perceived Ease of Use (X4)	Intention to Implement e-Business (X5)
X1.9	0.717				
X1.10	0.754				
X2.1		0.891			
X2.2		0.813			
X2.3		0.781			
X2.4		0.529			
X3.1			0.644		
X3.2			0.867		
X3.3			0.906		
X3.4			0.751		
X3.5			0.614		
X3.6			0.886		
X4.2				0.790	
X4.3				0.825	
X4.4				0.838	
X4.5				0.747	
X5.1					0.931
X5.2					0.929
X5.3					0.661

The table above shows that there are six research variables that have a value of <0.7 , but are considered sufficient to meet the requirements because they have a value of >0.5 . (Hair, Hult, et al., 2014), so that it can be stated that all indicators have been declared suitable for further research.

Discriminant Validity

The next stage is to review the results of the discriminant validity test using the cross loading value, which is stated to meet the requirements if the outer loading of the variable is greater than the other variables. (Hair, Hult, et al., 2014). The cross loading value of the research model is as follows:

Table 5 Cross Loading

Code	POER (X1)	PEER (X2)	Perceived Usefulness(X3)	Perceived Ease of Use(X4)	Intention to Implement e-Business (X5)
X1.2	0.885	0.449	0.782	0.474	0.412
X1.4	0.593	0.289	0.496	0.267	0.342
X1.5	0.930	0.486	0.834	0.533	0.490
X1.6	0.848	0.346	0.751	0.461	0.390

Table 6 Cross Loading (Continued)

Code	POER (X1)	PEER (X2)	Perceived Usefulness (X3)	Perceived Ease of Use (X4)	Intention to Implement e-Business (X5)
X1.7	0.773	0.298	0.568	0.347	0.403
X1.8	0.757	0.425	0.638	0.402	0.402
X1.9	0.717	0.282	0.617	0.387	0.382
X1.10	0.754	0.572	0.645	0.448	0.538
X2.1	0.459	0.891	0.407	0.330	0.310
X2.2	0.321	0.813	0.265	0.190	0.148
X2.3	0.501	0.781	0.398	0.285	0.256
X2.4	0.075	0.529	0.019	0.135	0.134
X3.1	0.509	0.268	0.644	0.341	0.303
X3.2	0.736	0.368	0.867	0.388	0.351
X3.3	0.779	0.407	0.906	0.392	0.383
X3.4	0.633	0.256	0.751	0.436	0.377
X3.5	0.595	0.264	0.614	0.344	0.334
X3.6	0.743	0.392	0.886	0.410	0.374
X4.2	0.619	0.327	0.599	0.790	0.611
X4.3	0.304	0.144	0.294	0.825	0.532
X4.4	0.405	0.299	0.329	0.838	0.593
X4.5	0.306	0.263	0.268	0.747	0.478
X5.1	0.388	0.195	0.350	0.666	0.931
X5.2	0.427	0.232	0.351	0.662	0.929
X5.3	0.578	0.363	0.470	0.434	0.661

Based on the table above, it is known that all variables have met the cross loading requirements, so it can be concluded that the research model has met good discriminant validity values in compiling its variables.

Average Variance Extracted (AVE)

Another requirement that needs to be fulfilled by the research model to be declared feasible/valid based on the discriminant validity value is to review the AVE value of each indicator, the model is declared feasible/valid if the AVE value is >0.5 (Hair, Hult, et al., 2014).

Table 7 Average Variance Extracted

Indicator	AVE
POER (X1)	0.622
PEER (X2)	0.586
Perceived Usefulness (X3)	0.619
Perceived Ease of Use (X4)	0.642
Intention to Implement e-Business (X5)	0.723

The table above shows that all indicators have an AVE value >0.5, which indicates that all indicators meet the convergent validity requirements and are declared a valid model.

Composite Reliability

Composite reliability is the part that functions to test the consistency of the reliability of the indicators in the variables, this test is declared valid if it has a value >0.708(Hair, Hult, et al., 2014).

Table 8 Composite Reliability

Indicator	Composite Reliability
POER (X1)	0.928
PEER (X2)	0.846
Perceived Usefulness (X3)	0.905
Perceived Ease of Use (X4)	0.877
Intention to Implement e-Business (X5)	0.884

Based on Table 8, it is known that all indicators have a composite reliability value >0.708 , which shows that each variable has a high level of reliability.

Cronbach's Alpha

In the context of SEM-PLS, Cronbach's Alpha can also be used for the consistency of reliability of indicators in variables and supports the value of composite reliability, this test is declared valid if it has a value >0.70 . (Hair, Hult, et al., 2014).

Table 9 Cronbach's Alpha

Indicator	Cronbach's Alpha
POER (X1)	0.910
PEER (X2)	0.778
Perceived Usefulness (X3)	0.871
Perceived Ease of Use (X4)	0.816
Intention to Implement e-Business (X5)	0.795

Table 8 shows that all indicators have been declared valid because they have a Cronbach's Alpha value >0.70 .

Fornell-Larcker Criterion

The Fornell-Larcker Criterion test is declared valid if the value of each variable is higher than the correlation between constructs (Hair, Hult, et al., 2014).

Table 10 Fornell-Larcker Criterion

Indicator	Intention to Implement e-Business	PEER	POER	Perceived Ease of Use	Perceived Usefulness
Intention to Implement e-Business	0.850				
PEER	0.300	0.766			
POER	0.535	0.507	0.788		
Perceived Ease of Use	0.701	0.332	0.536	0.801	
Perceived Usefulness	0.451	0.420	0.787	0.490	0.856

Based on the Fornell-Larcker Criterion table, it shows that each variable, namely e-Business Implementation Intention (0.850), PEER (0.766), POER (0.788), Perceived Ease of Use (0.801), and Perceived Usefulness (0.856) has a greater value than the correlation between constructs.

Inner Model Evaluation

The inner model evaluation explains the results of the path coefficient test, goodness of fit, and hypothesis test.

Path Coefficient

Path coefficient represents the influence between constructs. The standard value for this test is -1 (negative one) to +1 (positive one), where a number closer to +1 (positive one) indicates a positive influence, and the opposite applies if it is close to -1 (negative one). The closer the value is to 0 (zero), the more it indicates there is no influence between constructs. (Hair, Hult, et al., 2014). The following are the results of the path coefficient test in this study:

Table 11 Path Coefficient

Indicator	Intention to Implement e-Business	PEER	POER	Perceived Ease of Use	Perceived Usefulness
Intention to Implement e-Business					
PEER	-0.011			0.082	-0.019
POER	0.309			0.494	0.866
Perceived Ease of Use	0.586				
Perceived Usefulness	0.096				

Based on the table above, it is found that the largest path coefficient value is shown by the influence of POER on Perceived Usefulness (0.866), the influence of Perceived of Use on Intention to Implement e-Business (0.586), and the influence of POER on Perceived Ease of Use (0.494). Other constructs also have positive values, such as the influence of POER on Intention to Implement e-Business (0.309), the influence of PEER on Perceived Ease of Use (0.082), and the influence of Perceived Usefulness on Intention to Implement e-Business (0.096), while several constructs show negative values, such as the influence of PEER on Intention to Implement e-Business (-0.011) and the influence of PEER on Perceived Usefulness (-0.019).

Goodness of Fit

The goodness of fit test is obtained by examining the Q-square value. The Q-square is used to measure the extent to which endogenous variables are influenced by other variables. The Q-square value is obtained from the R-square test results. The following R-square values from this study are:

Table 12 R-Square Value

Indicator	R-Square	R-Square Adjusted
Intention to Implement e-Business	0.529	0.509
Perceived Ease of Use	0.292	0.277
Perceived Usefulness	0.734	0.728

Based on the table above, the R-Square value for the e-business adoption intention variable is 0.529 or 52.9%, the perceived ease of use variable is 0.292 or 29.2%, and the perceived usefulness variable is 0.734 or 73.4%. The results of the Q-Square calculation from this study are as follows:

$$\begin{aligned}
 Q\text{-Square} &= 1 - [(1-R_{12}) \times (1-R_{22}) \times (1-R_{32})] \\
 &= 1 - [(1-0.529) \times (1-0.292) \times (1-0.734)] \\
 &= 0.911
 \end{aligned}$$

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Based on the calculation results, the Q-Square value was obtained at 0.911, indicating that the large diversity of the research data based on the research model was 91.1%, with the remaining 8.9% coming from other factors outside the research model. Thus, it can be concluded that this research model has good goodness of fit.

Hypothesis Testing

Hypothesis testing is carried out by reviewing the T-Statistics and P-Values, which are declared accepted if the T-Statistics value is >1.97 and the P-Values value is <0.05 (Hair, Hult, et al., 2014). The following are the results of the hypothesis test in this study:

Table 13 Hypothesis Testing

Indicator	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ($ O/STD\ EV $)	P Values	Results
POER \rightarrow Intention to Implement e-Business (H1)	0.309	0.307	0.171	1,980	0.000	Accepted
PEER \rightarrow Intention to Implement e-Business (H2)	-0.011	-0.010	0.069	0.153	0.878	Rejected
Perceived Usefulness \rightarrow Intention to Implement e-Business (H3)	0.096	0.101	0.137	2,076	0.030	Accepted
Perceived Ease of Use \rightarrow Intention to Implement e-Business (H4)	0.586	0.589	0.085	6,987	0.000	Accepted
POER \rightarrow Perceived Usefulness (H5)	0.866	0.864	0.037	23,298	0.000	Accepted
PEER \rightarrow Perceived Usefulness (H6)	-0.019	-0.014	0.058	0.335	0.738	Rejected
POER \rightarrow Perceived Ease of Use (H7)	0.494	0.487	0.104	4,746	0.000	Accepted
PEER \rightarrow Perceived Ease of Use (H8)	0.082	0.095	0.104	0.786	0.432	Rejected

Based on the table above, there are 5 (five) accepted hypotheses, namely there is an influence of POER on the Intention to Implement e-Business (H1), Perceived Usefulness on the Intention to Implement e-Business (H3), Perceived Ease of Use on the Intention to Implement e-Business (H4), Perceived Usefulness mediates the relationship between POER and Intention to Implement e-Business (H5), and Perceived Ease of Use mediates the relationship between POER and Intention to Implement e-Business (H7).

DISCUSSION

Analysis of the Influence Between Variables

The results of the study of the influence between variables using SEM-PLS show that there are 5 (five) accepted hypotheses, namely there is an influence of POER on the Intention of Implementing e-Business (H1) with P values of 0.000, Perceived Usefulness on the Intention of Implementing e-Business (H3) with P Values of 0.030, Perceived Ease of Use on the Intention of Implementing e-Business (H4) with P Values of 0.000, Perceived Usefulness mediates the relationship between POER and Intention of Implementing e-Business (H5) with P-values of 0.000, and Perceived Ease of Use mediates the relationship between POER with P Values of 0.000 and Intention of Implementing e-Business (H7) with P Values of 0.000. Thus, the variables that influence the intention to implement e-Business are Perceived Organizational e-Readiness (internal organizational readiness), Perceived Ease of Use, and Perceived Usefulness. Internal organizational readiness in the context of this research can be interpreted as the desire of business owners or decision-makers to use technology as a basis for implementing digital business models. Research shows that the majority of business owners or decision-makers indicate their intention to use digital

technology if the technology is perceived as easy to use, provides advantages, benefits, and/or effectiveness for the business (Azam & Quaddus, 2014). The results of this study are also supported by other research which states that internal organizational readiness that intersects with technological aspects and customer needs, namely leadership support, leadership culture, and IT infrastructure, plays a crucial role in encouraging the creation of an environment that supports the implementation of e-Business in MSMEs (Abdulnabi, 2024). Another study that supports this research results is research that states there is a relationship between perceived usefulness and perceived ease of use and how they influence the intention to implement digital technology. That is, if digital devices are considered useful and easy to use, the desire and readiness to use the technology will increase significantly. This desire and readiness are important for the transition from conventional business processes to digital business processes (Höyng & Lau, 2023).

Alternative Strategy Analysis

The results of alternative strategy research using the Fuzzy AHP method found that forming a digital community was the first strategic priority with a weight of 0.693, increasing digital literacy was the second strategic priority with a weight of 0.297, establishing MSMEs that have gone digital as role models was the third strategic priority with a weight of 0.122 and establishing cooperation with digital service providers was the fourth strategic priority with a weight of 0.010. The strategy of forming a digital community to increase the intention of implementing a digital business model is supported by research stating that MSMEs need to consider joining a digital community to build relationships, learn from each other's experiences, and develop joint capacity (Raharjo *et al.*, 2024). When fellow MSME actors see and learn from the experiences of fellow community members who have successfully implemented a digital business model, it will increase insight into how to overcome technical difficulties related to digital technology and reduce the mental effort required to learn new things, which will increase the perception of use (Simuchimba & Mpundu, 2025). Individuals and businesses can benefit by building dynamic digital communities that prioritize information exchange, diversity, and holistic business development, which can improve operational performance, employee happiness, and overall business competitiveness (Ancillai *et al.*, 2025).

Digital literacy contributes significantly to business readiness in implementing digital business models (Michelotto & Joia, 2024), because with adequate digital literacy, MSMEs can identify competitive advantages and increase their revenue after adopting a technology (Raharjo *et al.*, 2024). This enables MSMEs to identify and capitalize on digital opportunities, beyond conventional opportunities (Cunningham *et al.*, 2023). Establishing MSMEs that have gone digital as role models is another alternative strategy to increase the intention of wholesale clothing MSMEs in Tanah Abang to implement digital business models. This is supported by research stating that social influence is a crucial aspect in developing strategies based on the adoption and integration of digital business models (Simuchimba & Mpundu, 2025). When MSMEs see their peers adopting and succeeding with digital business models, this creates social influence and expectations that adopting a digital business model is the right and profitable step. Therefore, it is necessary to have a pioneer of change in the community who has been proven to be effective in motivating their peers by demonstrating how to use technology and its benefits and providing direct personal support (Veseli *et al.*, 2025). However, in adopting a digital business model, clear socialization is needed to communicate how adopting a digital business model can provide a competitive advantage for MSMEs (Wijaya & Budiman, 2019), for this reason, it is hoped that MSMEs that have become pioneers of change can become role models and provide success stories in adopting digital business models for other MSMEs.

Adopting a digital business model requires MSMEs to overhaul their strategies, policies, and marketing. This means MSMEs need to adopt digital technology to automate manual processes, reduce operational costs, and expand market reach. Therefore, MSMEs need to optimally utilize e-commerce platforms and digital payment systems (Astuti & Rosita, 2024). Strategically utilizing social media is crucial for promotion and sales. Furthermore, opening an online store through a marketplace is essential for maintaining business sustainability in the digital era, as implementing these strategies has been proven to increase sales, strengthen customer relationships and loyalty, and increase the number of customers (Institute for Development of Economics and Finance (INDEF), 2024). However, before MSMEs intend to use digital platforms, an intensive mentoring-based approach is needed for MSMEs, one example is the Community Partnership Program of PT Mitra Enabler Indonesia (Konekto) and PT Gerbang Transaksi Nusantara (klubstory) with MSMEs in Central Jakarta for 3 (three) months, with the result of an increase from 10% to 60% of MSME participants starting to understand digitalization and digital technology-based business models.

CONCLUSION

1. Perceived Organizational e-Readiness, Perceived Usefulness, and Perceived Ease of Use are factors that have a positive influence on the intention to implement the digital business model of wholesale clothing MSMEs in Tanah Abang.
2. The level of digital readiness is a factor that influences the intention to implement a digital business model, but the level of digital readiness that is influential is from the internal side of the organization (awareness, commitment, resources, and governance), not from the external side of the organization (government, market forces, and supporting industries).
3. The research results show that the strategy considered most effective by respondents to increase the intention to implement digital business models is forming a digital community with a weighting of 0.693. Meanwhile, other strategies include improving digital literacy with a weighting of 0.297, establishing MSMEs that have gone digital as role models with a weighting of 0.122, and collaborating with digital service providers with a weighting of 0.010.

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